

Message Text

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PAGE 01 NOUAKC 00542 210854Z

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ACTION XMB-04

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FM AMEMBASSY NOUAKCHOTT

TO SECSTATE WASHDC PRIORITY 3533

INFO AMEMBASSY BRASILIA

AMEMBASSY DAKAR

UNCLAS NOUAKCHOTT 0542

E.O. 11652: N/A

TAGS: BPRO MR

SUBJECT: EXIMBANK COMMERCIAL BANK GUARANTEE REQUEST FOR SALE
OF CONSTRUCTION MACHINERY TO CONSTRUCTORS MENDES JUNIOR S.A.,
BELO HORIZONTE, BRAZIL

REF: (A) NOUAKCHOTT 816 (B) NOUAKCHOTT 823 (C) STATE 140629

(D) NOUAKCHOTT 1837 (E) STATE 213789 (F) THE HAGUE 4880

(G) STATE 62124 (ALL NOTAL AND REFS. A THROUGH F ALL 1974)

SUMMARY: IN RESPONSE TO EXIMBANK REQUEST FOR INFORMATION ON ROAD
PROJECT IN MAURITANIA TO BE CONSTRUCTED BY BRAZILIAN FIRM, WE
OFFER FOLLOWING INFORMATION. END SUMMARY.

1. OFFICIAL MAURITANIA, N3WS SHEET ANNOUNCED MARCH 5 THAT GIRM
AND CONSTRUCTORA MENDES JUNIOR SIGNED AGREEMENT PREVIOUS DAY FOR
CONSTRUCTION OF FIRST PART OF NOUAKCHOTT-NEMA ROAD WHICH WILL
COVER TOTAL DISTANCE OF 1,100 KILOMETERS. AGREEMENT
PROVIDES FOR BRAZILIAN FIRM TO CONSTRUCT 603 KILOMETER PORTION
OF ROAD FROM NOUAKCHOTT TO KIFFA. COMPANY AGREED TO COMPLETE
PORTION WITHIN THREE YEARS FOR 4.6 BILLION MAURITANIAN OUGUIYA
(\$1 US CURRENTLY VALUED AT ABOUT 41 OUGUIYA). NO PROVISION HAS YET
BEEN MADE FOR CONSTRUCTION OF SECOND PORTION OF ROAD, BUT IT
IS GENERALLY ASSUMED THAT CONSTRUCTORA MENDES JUNIOR WOULD
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 NOUAKC 00542 210854Z

RECEIVE CONTRACT FOR SECOND HALF OF ROAD IF IT SUCCESSFULLY

CCOPLETED FIRST HALF.

2. GIRM SAID CONSTRUCTION WILL BEGIN AT NOUAKCHOTT AND WORK EASTWARDS. MOST OF CONSTRUCTION WILL BE THROUGH SAND AND THERE WILL BE CONSTANT PROBLEM OF BLOWING DUNES. BRAZILIAN COMPANY AND GIRM ESTIMATE JOBS) REQUIRE WORK FORCE OF 1,800 PERSONS, OF WHOM 1,600 WILL BE MAURITANIAN. COMPANY HAS ASSURED GIRM THAT IT WILL HAVE TRAINED GROUP OF 500 "PROFESSIONAL" MAURITANIANS WITHIN 18 MONTHS. IN ORDER TO EXPEDITE SHIPMENT OF CONSTRUCTION MATERIAL AND EQUIPMENT FROM DAKAR PORT TO NOUAKCHOTT, COMPANY WILL LOCATE FERRY BOAT, IN ADDITION TO THOSE ALREADY OPERATING, ON SENEGAL RIVER. (NOUAKCHOTT WHARF IS UNSUITABLE FOR OFF-LOADING HEAVY CONSTRUCTION EQUIPMENT AND MATERIAL).

3. ACCORDING TO PUBLIC ANNOUNCEMENT BY GIRM, FINANCING FOR CONSTRUCTION OF NOUAKCHOTT-KIFFA PORTION HAS BEEN ASSURED BY SAUDI ARABIA, KUWAIT, AND UNITED ARAB EMIRATES. SPECIAL MINISTERIAL PORTFOLIO, MINISTER OF RAOD, HAS BEEN ESTABLISHED TO OVERSEE COMPLETION OF PROJECT. MINISTER ASSURED EMBASSY TWO MONTHS AGO THAT FINANCING HAD BEEN LOCATED FOR FIL T PORTION, ALTHOUGH HE IMPLIED IT IS STILL BEING SOUGHT FOR SECOND PART. EMBASSY DOES NOT KNOW TERMS OF FINANCING NOR HAS COST OF SECOND PORTION OF ROAD BEEN ANNOUNCED.

4. BACKGROUND ON AMERICAN COMPANY INTEREST IN PROJECT IS CONTAINED IN REFS. (A) THROUGH (F). EMBASSY HAS NO ADDITIONAL INFORMATION ON THIS ASPECT OF MATTER.

5. COMMENT: SENIOR GIRM OFFICIALS ARGUE THAT PROJECT IS ECONOMICALLY VIABLE IN ADDITION TO BEING POLITICAL NECESSITY FOR PURPOSE OF LINKING RELATIVELY HEAVILY POPULATED SOUTHERN MAURITANIA TO CAPITAL. ALTHOUGH EMBASSY SERIOUSLY DOUBTS THAT ROAD WILL EVER "PAY FOR ITSELF" IN ECONOMIC TERMS, IT CERTAINLY IS POLITICAL NECESSITY. JOB WILL BE DIFFICULT FOR SEVERAL REASONS. (A) CONSTRUCTION ON SAND AND PROBLEM OF BLOWING DUNES, (B) UNDERDEVELOPED ADMINISTRATIVE AND CONSTRUCTION SKILLS AVAILABLE IN MAURITANIA, AND (C) SUPPLY PROBLEM INCLUDING BOTH LOGISTICAL SITUATION AND DIFFICULTY OF CLEARING MATERIAL THROUGH INEFFICIENT CUSTOMS APPARATUS. WE HAVE NO REASON TO DOUBT, HOWEVER, THAT GIRM HAS LOCATED FINANCING FOR FIRST PART OF ROAD.

UNCLASSIFIED

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PAGE 03 NOUAKC 00542 210854Z

ALSO ON PLUS SIDE, THIS IS CONSIDERED AN IMPORTANT, PERHAPS THE MOST IMPORTANT, DEVELOPMENT PROJECT IN MAURITANIA. GIRM WILL, THEREFORE, MAKE EVERY EFFORT TO SEE THAT IT IS SUCCESSFUL. TO OUR KNOWLEDGE, CONSTRUCTOR MENDES JUNIOR HAS NOT HAD PREVIOUS EXPERIENCE IN MAURITANIA AND WE ARE NOT IN POSITION TO ASSESS ITS ABILITY TO OPERATE HERE. ASSUME COMPANY CAN PROVIDE ADEQUATE NUMBER OF FRENCH-SPEAKING OPERATIVES TO HELP WITH PROJECT. BRAZIL DOES NOT HAVE RESIDENT DIPLOMATIC REPRESENTATION IN NOUAKCHOTT ALTHOUGH IT DOES

HAVE EMBASSY IN DAKAR.

6. ACTION REQUESTED: PLEASE KEEP EMBASSY INFORMED OF DEVELOPMENTS
CONCERNING REQUEST FOR EXIMBANK GUARANTEE OF CONSTRUCTION
MACHINERY PURCHASE. SHINN

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